

**A RESOLUTION BY COMMUNITY DEVELOPMENT AND HUMAN RESOURCES COMMITTEE AUTHORIZING THE MAYOR TO ENTER INTO A CONTRACT WITH SUMMECH COMMUNITY DEVELOPMENT CORPORATION, INC. FOR AN AMOUNT NOT TO EXCEED TWO MILLION SIX HUNDRED EIGHTY THOUSAND FIVE HUNDRED FORTY ONE DOLLARS AND NO CENTS (\$2,680,541.00) FOR THE IMPLEMENTATION OF THE RESIDENTIAL AND COMMERCIAL COMPONENT OF THE MECHANICSVILLE URBAN REDEVELOPMENT/SECTION 108 PROJECT; AND FOR OTHER PURPOSES.**

**WHEREAS**, the City is the recipient of a \$4,400,000.00 Section 108 Loan from the U.S. Department of Housing and Urban Development ("HUD") under Title I of the Housing and Community Development Act of 1974 as amended; and

**WHEREAS**, SUMMECH Community Development Corporation, Inc. (SUMMECH) was designated as the Community Development Corporation (CBDO) and identified as the sub-recipient of a HUD Economic Development Initiative (EDI) grant and Section 108 loan to acquire and redevelop properties in the Mechanicsville Redevelopment Area; and

**WHEREAS**, the properties have been acquired; and

**WHEREAS**, pursuant to authorizing Resolution 05-R-0661 adopted by City Council May 2, 2005 and approved by the Mayor May 9, 2005, the City entered into contract ("2005 Agreement") with SUMMECH for the construction the Mechanicsville Urban Redevelopment/Section 108 Project; and

**WHEREAS**, pursuant to said 2005 Agreement, SUMMECH agreed, among other things, to construct at least 23 scattered in-fill single-family homes, at least 10 attached townhomes, and at least 8 multi-family (2-4 family) rental units ("residential component") as well as construct a Bureau of Housing approved commercial development ("commercial component") (collectively "development project") in return for which the City agreed, among other things, to pay the sum of Two Million Six Hundred Eighty Thousand Five Hundred and Forty-One dollars and no cents (\$2,680,541.00); and

**WHEREAS**, pursuant to said 2005 Agreement, SUMMECH further agreed to sell one hundred percent (100%) of the single-family homes and at least twenty percent (20%) of the townhomes within the residential component to households with incomes eighty percent (80%) or less than Area Median Income (AMI) and to rent one hundred percent (100%) of the rental units to households with incomes eighty percent (80%) AMI; and

**WHEREAS**, pursuant to said 2005 Agreement, SUMMECH further agreed, to commence and complete the development project no later than June 30, 2008; and

**WHEREAS**, because it became apparent that the construction of the development project would be completed by June 30, 2008, Resolution 08-R-1042 adopted by City Council June 2, 2008 and approved by the Mayor June 10, 2008, authorized the Mayor to enter into amendment number

one to the 2005 Agreement for the purpose of extending the term of the 2005 Agreement until June 28, 2012; and

**WHEREAS**, the parties never entered into amendment number one by which the term was to be extended and therefore the 2005 Agreement expired pursuant to its own terms on June 30, 2008; and

**WHEREAS**, the parties desire to re-establish a contractual relationship to accomplish the development project contemplated under the expired 2005 Agreement; and

**WHEREAS**, SUMMECH has represented that due to current market conditions, the commercial component is only economically feasible if the financing terms of the commercial component contained within the 2005 Agreement are changed such that SUMMECH may find commercial tenants; and

**WHEREAS**, in recognition of the fact that the commercial component of the development project is integral and necessary to accomplish the purposes set forth in the Mechanicsville Urban Redevelopment/ Section 108 Project, the Bureau of Housing has recommended that the financing terms of the commercial component be as set forth herein.

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA, AS FOLLOWS:**

Section 1: That the Mayor is hereby authorized to enter into a contract with SUMMECH Community Development Corporation, Inc. for the purpose of accomplishing the development project contemplated under the 2005 Mechanicsville Urban Redevelopment/Section 108 Agreement.

Section 2: That the contract amount shall not exceed Two Million Six Hundred Eighty Thousand Five Hundred and Forty One Dollars (\$2,680,541.00) which are and shall be the same funds authorized in the 2005 Mechanicsville Urban Redevelopment/Section 108 Agreement; said funds to be charged to and paid from the following **PATEO: 10201716 106 250731748** U.S. Govt. Grant 1999, Section 108 Loan.

Section 3: Funding to SUMMECH Community Development Corporation, Inc. for demolition and construction for the commercial development component will be a low interest rate construction loan to supplement the commercial revitalization of the Ralph D. Abernathy Commercial Corridor.

Section 4: Funding to SUMMECH Community Development Corporation, Inc. for construction of single-family and multi-family residential housing will also be a construction loan.

Section 5: That the term of the Agreement shall be for five (5) years from the date of execution by all parties.

Section 6: That the City Attorney is hereby directed to prepare for execution by the Mayor, any and all contracts, deeds, promissory notes, instruments, or other documents that the City Attorney deems necessary or advisable to carry into effect the intent of this resolution, said documents to be approved as to form by the City Attorney.

Section 7: Said contracts, deeds, instruments, or other documents shall not become binding upon the City, and the City shall incur neither obligation nor liability there under, until the same has been signed by the Mayor.

**Part II: Legislative White Paper:** (This portion of the Legislative Request Form will be shared with City Council members and staff)

**A. To be completed by Legislative Counsel:**

**Committee of Purview:** Community Development/ Human Resources

**Caption:** A RESOLUTION BY  
COMMUNITY DEVELOPMENT AND HUMAN RESOURCES COMMITTEE

A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO A CONTRACT WITH SUMMECH COMMUNITY DEVELOPMENT CORPORATION, INC. FOR AN AMOUNT NOT TO EXCEED TWO MILLION SIX HUNDRED EIGHTY THOUSAND FIVE HUNDRED FORTY ONE DOLLARS AND NO CENTS (\$2,680,541.00) FOR THE IMPLEMENTATION OF THE RESIDENTIAL AND COMMERCIAL COMPONENT OF THE MECHANICSVILLE URBAN REDEVELOPMENT/SECTION 108 PROJECT; AND FOR OTHER PURPOSES.

**Requesting Dept.:** Department of Planning, Bureau of Housing

**B. To be completed by the department:**

**1. Please provide a summary of the purpose of this legislation (Justification Statement).**

The City of Atlanta must submit a request to enter into a new contract with Summech CDC to develop the Mechanicsville RDA Commercial Corridor Project.

**2. Please provide background information regarding this legislation.**

The City of Atlanta entered into agreement with SUMMECH CDC to develop single family and multi-family housing, and commercial development in the Mechanicsville Urban Redevelopment Area. These activities were funded under the Section 108 Loan agreement in the amount not to exceed \$2,680,541.00 which requires the commercial development. The legislation (08-R-1042) was approved to extend the Agreement on June 10, 2008 for the completion of this project. The project is not feasible at the current interest rate of 5% because of the current market conditions. Adjusting the rate

and allowing more flexible terms will allow the project to be more feasible by reducing the debt service payments which in turn enables lower rents to be offered to potential tenants of this distressed neighborhood.

**3. If Applicable/Known:**

- (a) **Contract Type (e.g. Professional Services, Construction Agreement, etc):**
- (b) **Source Selection:**
- (c) **Bids/Proposals Due:**
- (d) **Invitations Issued:**
- (e) **Number of Bids:**
- (f) **Proposals Received:**
- (g) **Bidders/Proponents:**
- (h) **Term of Contract:**

**4. Fund Account Center (Ex. Name and number):** FAC #3P06 PTAE0 1020176 (Mechanicsville Urban Redevelopment/ Section 108 Project) 106 (Y47Q0273A7K0) 250731748 (US GOV Grant 1999, Section 108 Loan) 5239004 (Service Grants) COA (City of Atlanta)

**5. Source of Funds:** EDI- Section 108 Loan

**6. Fiscal Impact:** N/A

**7. Method of Cost Recovery:**

**This Legislative Request Form Was Prepared By:** Derrick Jordan